

Senate Engrossed House Bill

FILED

**MICHELE REAGAN
SECRETARY OF STATE**

State of Arizona
House of Representatives
Fifty-third Legislature
First Regular Session
2017

**CHAPTER 248
HOUSE BILL 2139**

AN ACT

AMENDING TITLE 25, CHAPTER 5, ARTICLE 1, ARIZONA REVISED STATUTES, BY
ADDING SECTION 25-505.02; AMENDING SECTION 25-526, ARIZONA REVISED
STATUTES; RELATING TO FAMILY SUPPORT DUTIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)



1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Title 25, chapter 5, article 1, Arizona Revised
3 Statutes, is amended by adding section 25-505.02, to read:

4 25-505.02. Insurance data exchange; withholding orders;
5 immunity; definitions

6 A. BEFORE REMITTING A PAYMENT UNDER AN INSURANCE CONTRACT TO A
7 CLAIMANT WHOSE CLAIM IS BASED ON AN ACCIDENT OR A LOSS THAT OCCURRED IN
8 THIS STATE, AN INSURER AUTHORIZED TO TRANSACT INSURANCE PURSUANT TO TITLE
9 20, CHAPTER 2, ARTICLE 1 MAY PROVIDE INFORMATION TO THE DEPARTMENT OR ITS
10 AGENT TO ASCERTAIN WHETHER A CLAIMANT OWES ANY ARREARAGE. AN INSURER MAY
11 ESTABLISH AND REVISE AT ITS DISCRETION THE DOLLAR-AMOUNT THRESHOLD FOR
12 CLAIMS AT OR ABOVE WHICH IT WILL REPORT PURSUANT TO THIS SECTION.

13 B. THE DEPARTMENT OR ITS AGENT SHALL ESTABLISH AN INSURANCE
14 INDUSTRY DATA MATCH REPORTING SYSTEM THAT IS OPERATED BY THE DEPARTMENT OR
15 ITS AGENT AND USE DATA EXCHANGES TO COMPARE CLAIMANT INFORMATION HELD BY
16 INSURERS WITH THE DEPARTMENT'S DATABASE OF OBLIGORS WHO OWE
17 ARREARAGES. AN INSURER MAY EITHER PROVIDE TO THE DEPARTMENT OR ITS AGENT
18 INFORMATION ABOUT THE CLAIMANT OR MATCH INFORMATION MADE AVAILABLE BY THE
19 DEPARTMENT OR ITS AGENT WITH INFORMATION ABOUT THE CLAIMANT.

20 C. IF A CLAIMANT WHO OWES AN ARREARAGE IS IDENTIFIED, AN INSURER
21 MAY PROVIDE THE FOLLOWING INFORMATION ON CLAIMS TO THE DEPARTMENT OR ITS
22 AGENT BEFORE MAKING A PAYMENT TO THE CLAIMANT:

23 1. THE CLAIMANT'S NAME, ADDRESS, DATE OF BIRTH AND SOCIAL SECURITY
24 NUMBER, IF AVAILABLE, AS THEY APPEAR IN THE INSURER'S RECORDS.

25 2. THE INSURER'S NAME, ADDRESS AND FEDERAL EMPLOYER IDENTIFICATION
26 NUMBER.

27 3. THE NAME AND CONTACT INFORMATION FOR THE INSURER'S EMPLOYEE THAT
28 IS MANAGING THE CLAIMANT'S CLAIM.

29 D. IF THE INSURER IS UNABLE TO USE A METHOD AND FORMAT PRESCRIBED
30 BY THE DEPARTMENT OR ITS AGENT, THE INSURER MAY COOPERATE WITH THE
31 DEPARTMENT OR ITS AGENT TO IDENTIFY ANOTHER METHOD INCLUDING SUBMISSION OF
32 WRITTEN MATERIALS.

33 E. AN INSURER MAY PROVIDE INFORMATION UNDER THIS SECTION BY EITHER
34 OF THE FOLLOWING:

35 1. PARTICIPATING IN AN INSURANCE INDUSTRY DATABASE THAT CONTAINS
36 THE NECESSARY INFORMATION AND AUTHORIZES THE DEPARTMENT OR ITS AGENT TO
37 OBTAIN THE INFORMATION FROM THE DATABASE FOR PURPOSES OF COMPLYING WITH
38 THIS SECTION.

39 2. PROVIDING THE INFORMATION THROUGH THE FEDERAL OFFICE OF CHILD
40 SUPPORT ENFORCEMENT.

41 F. THE DEPARTMENT OR ITS AGENT MAY USE THE INFORMATION COLLECTED
42 PURSUANT TO THIS SECTION FOR THE ADMINISTRATION AND ENFORCEMENT OF CHILD
43 SUPPORT PURSUANT TO TITLE IV-D. EXCEPT AS PROVIDED BY FEDERAL LAW, THE
44 INFORMATION COLLECTED SHALL BE USED ONLY TO LOCATE A PERSON TO ESTABLISH
45 PATERNITY AND TO ESTABLISH, MODIFY AND ENFORCE SUPPORT OBLIGATIONS. THE

1 INFORMATION MAY BE DISCLOSED TO AN AGENT UNDER CONTRACT WITH THE
2 DEPARTMENT TO CARRY OUT THESE PURPOSES. THE INFORMATION MAY ALSO BE
3 DISCLOSED TO AGENCIES OF THIS STATE, POLITICAL SUBDIVISIONS OF THIS STATE,
4 FEDERAL AGENCIES INVOLVED WITH SUPPORT, OTHER STATES AND POLITICAL
5 SUBDIVISIONS OF OTHER STATES THAT ARE SEEKING TO LOCATE PERSONS TO ENFORCE
6 SUPPORT PURSUANT TO TITLE IV-D. THE INFORMATION COLLECTED PURSUANT TO
7 THIS SECTION IS EXEMPT FROM DISCLOSURE PURSUANT TO TITLE 39, CHAPTER 1.

8 G. IF A COMPARISON OF CLAIMANT AND OBLIGOR INFORMATION REVEALS A
9 MATCH WITH AN OBLIGOR WHO HAS CHILD SUPPORT ARREARAGE IN A TITLE IV-D
10 CASE, THE DEPARTMENT OR ITS AGENT SHALL SEND TO THE INSURER, WITHIN THREE
11 BUSINESS DAYS AFTER DISCOVERING THE MATCH, AN INCOME WITHHOLDING ORDER
12 PURSUANT TO SECTION 25-505.01 OR A CHILD SUPPORT LIMITED INCOME
13 WITHHOLDING ORDER PURSUANT TO SECTION 25-505. ANY PORTION THAT REPLACES
14 WAGES OR PROVIDES INCOME IN LIEU OF WAGES IS SUBJECT TO THE LIMITATIONS
15 PRESCRIBED IN SECTION 33-1131, SUBSECTION C. THE INSURER SHALL WITHHOLD
16 THE FULL AMOUNT OF THE ARREARAGES AS SET FORTH IN THE CHILD SUPPORT
17 LIMITED INCOME WITHHOLDING ORDER THAT IS NOT OTHERWISE EXEMPT BY LAW AND
18 PAY THE WITHHELD AMOUNT TO THE SUPPORT PAYMENT CLEARINGHOUSE.

19 H. AN INSURER THAT MAKES A PAYMENT AS PERMITTED BY THIS SECTION
20 ARISING FROM A CHILD SUPPORT LIMITED INCOME WITHHOLDING ORDER AS PERMITTED
21 IN THIS SECTION IS NOT LIABLE TO THE CLAIMANT OR THE CLAIMANT'S
22 BENEFICIARY OR CREDITORS.

23 I. A CHILD SUPPORT LIMITED INCOME WITHHOLDING ORDER ISSUED PURSUANT
24 TO THIS SECTION ENCUMBERS THE RIGHT OF A CLAIMANT TO PAYMENT UNDER THE
25 POLICY. THE INSURER SHALL DISBURSE TO THE CLAIMANT ONLY THE PORTION OF
26 THE PAYMENT REMAINING, IF ANY, AFTER THE CHILD SUPPORT LIMITED INCOME
27 WITHHOLDING ORDER HAS BEEN SATISFIED.

28 J. THE CHILD SUPPORT LIMITED INCOME WITHHOLDING ORDER IS INFERIOR
29 TO ANY LIEN OR CLAIM FOR BOTH OF THE FOLLOWING:

30 1. DOCUMENTED SERVICES AND EXPENSES THAT ARE RELATED TO THE CLAIM,
31 INCLUDING ATTORNEY FEES, COURT COSTS, WITNESS FEES AND REASONABLE
32 LITIGATION EXPENSES.

33 2. HEALTH CARE EXPENSES.

34 K. NOTWITHSTANDING ANY OTHER LAW, AN INSURER IS IMMUNE FROM ANY
35 LIABILITY FOR USING THE DATA MATCH REPORTING SYSTEM TO IDENTIFY IF A
36 CLAIMANT OWES AN ARREARAGE, FOR PROVIDING INFORMATION TO THE DEPARTMENT OR
37 ITS AGENT PURSUANT TO THIS SECTION OR FOR A DELAY IN THE PAYMENT OF A
38 CLAIM RESULTING FROM COMPLIANCE WITH THIS SECTION.

39 L. AN INSURER THAT MAKES A PAYMENT ON A CHILD SUPPORT LIEN AS
40 PERMITTED IN THIS SECTION IS NOT LIABLE TO THE CLAIMANT OR THE CLAIMANT'S
41 BENEFICIARY OR CREDITORS. AN INSURER THAT IN GOOD FAITH FAILS TO MAKE A
42 PAYMENT ON A CHILD SUPPORT LIEN AS PROVIDED IN THIS SECTION IS IMMUNE FROM
43 CIVIL LIABILITY. THIS SECTION DOES NOT GIVE RISE TO A CLAIM OR CAUSE OF
44 ACTION AGAINST AN INSURER BY A PERSON WHO ASSERTS THAT THE PERSON IS THE
45 INTENDED OBLIGEE OF THE OUTSTANDING LIEN FOR CHILD SUPPORT.

1 M. AN INSURER IS NOT REQUIRED TO REPORT OR IDENTIFY THE FOLLOWING
2 TYPES OF CLAIMS:
3 1. FIRST PARTY ACTUAL PROPERTY DAMAGE CLAIMS THAT ARE BENEFITS
4 PAYABLE UNDER AN INSURANCE POLICY ARISING OUT OF COVERED DAMAGE FOR ACTUAL
5 REPAIR, REPLACEMENT OR LOSS OF USE OF AN INSURED PROPERTY, INCLUDING A
6 PAYMENT FOR:
7 (a) PHYSICAL DAMAGE COVERAGE UNDER A PERSONAL AUTOMOBILE POLICY FOR
8 ACTUAL REPAIR, REPLACEMENT, LOSS OF USE OR OTHER ASSOCIATED COSTS
9 INCLUDING TOWING, STORAGE, VEHICLE RENTALS OR COSTS TO AN INSURED VEHICLE
10 AND SENT DIRECTLY TO A VENDOR OR REPAIR FACILITY FOR THE ACTUAL REPAIR OR
11 REPLACEMENT OF THE DAMAGED PROPERTY.
12 (b) COVERAGE FOR LOSS OF DAMAGE TO AN INSURED DWELLING AND CONTENTS
13 UNDER A RESIDENTIAL, HOMEOWNERS, FARM AND RANCH OWNERS, CONDOMINIUM
14 OWNERS, LANDLORD OWNERS OR TENANT PROPERTY INSURANCE POLICY OR OTHER
15 SIMILAR POLICIES, INCLUDING ADDITIONAL LIVING EXPENSES PAYABLE UNDER SUCH
16 A POLICY.
17 (c) BENEFITS PAID TO THE MORTGAGEE OR LIENHOLDER OF THE PROPERTY,
18 INCLUDING PAYMENTS ISSUED JOINTLY TO THE INSURED AND THE MORTGAGEE.
19 (d) COVERAGE FOR PHYSICAL LOSS OR DAMAGE TO COMMERCIAL PROPERTY OR
20 BUSINESS PERSONAL PROPERTY INSURED UNDER A COMMERCIAL PROPERTY, FARM,
21 INLAND MARINE, BUILDER'S RISK OR OTHER SIMILAR POLICY.
22 2. ACTUAL MEDICAL EXPENSES THAT ARE PAYMENTS ISSUED TO:
23 (a) AND SENT DIRECTLY TO A HEALTH CARE PROVIDER.
24 (b) THE CLAIMANT AFTER THE CLAIMANT PROVIDES PROOF OF THE AMOUNT
25 ACTUALLY PAID BY THE CLAIMANT TO THE HEALTH CARE PROVIDER AND THE AMOUNT
26 IS AT LEAST AS MUCH AS THE INSURANCE PAYMENT, BUT DOES NOT INCLUDE ANY
27 AMOUNTS THAT ARE BILLED BUT NOT PAID.
28 3. A COPAYABLE INSURANCE PAYMENT MAILED DIRECTLY TO A VENDOR,
29 REPAIR FACILITY OR HEALTH CARE PROVIDER THAT INCLUDES THE CLAIMANT AS A
30 COPAYEE UNDER PARAGRAPH 1 OR 2 OF THIS SUBSECTION.
31 4. BENEFITS PAYABLE DIRECTLY TO A CREDITOR OF A CLAIMANT UNDER THE
32 TERMS OF THE POLICY.
33 5. BENEFITS ASSIGNED TO BE PAID TO A HEALTH CARE PROVIDER OR
34 FACILITY FOR ACTUAL EXPENSES THAT ARE THE AMOUNT ACTUALLY OWED BY THE
35 INSURED BUT NOT OTHERWISE PAID OR REIMBURSED.
36 6. LIMITED BENEFITS THAT INCLUDE COVERAGE FOR ONE OR MORE SPECIFIED
37 DISEASES OR ILLNESSES, DENTAL OR VISION BENEFITS, HOSPITAL INDEMNITY OR
38 OTHER FIXED INDEMNITY INSURANCE COVERAGE AND SHORT TERM MAJOR MEDICAL
39 CONTRACTS AND THAT DO NOT EXCEED ONE THOUSAND DOLLARS PER PERSON OVER A
40 THIRTY-DAY PERIOD, INCLUDING ANY BENEFITS TO BE PAID UNDER A PLAN OR RIDER
41 OF ACCIDENT INSURANCE OR ACCIDENTAL DEATH OR LOSS OF LIMB COVERAGE.
42 7. BENEFITS PAID IN ACCORDANCE WITH GROUP LONG-TERM CARE INSURANCE
43 OR LONG-TERM CARE INSURANCE AS DEFINED IN SECTION 20-1691.
44 8. BENEFITS PAID ON BEHALF OF AN INDIVIDUAL DIRECTLY TO A
45 RETIREMENT PLAN OR AN ACCELERATED DEATH BENEFIT.

1 9. THIRD PARTY PROPERTY DAMAGE CLAIMS THAT ARE BENEFITS PAID OR
2 PAYABLE:

3 (a) TO A VENDOR OR REPAIR FACILITY FOR THE ACTUAL REPAIR,
4 REPLACEMENT OR LOSS OF USE OF ANY OF THE FOLLOWING:

5 (i) A DWELLING, CONDOMINIUM OR OTHER IMPROVEMENTS ON REAL PROPERTY.

6 (ii) A VEHICLE, INCLUDING A MOTOR VEHICLE, MOTORCYCLE OR
7 RECREATIONAL VEHICLE.

8 (iii) OTHER TANGIBLE PROPERTY THAT HAS SUSTAINED ACTUAL DAMAGE OR
9 LOSS.

10 (b) FOR A CLAIM FOR REIMBURSEMENT OF THE CLAIMANT FOR PAYMENTS MADE
11 BY THE CLAIMANT TO THE VENDOR OR REPAIR FACILITY FOR THE ACTUAL REPAIR,
12 REPLACEMENT OR LOSS OF USE OF ANY OF THE FOLLOWING:

13 (i) A DWELLING, CONDOMINIUM OR OTHER IMPROVEMENTS ON REAL PROPERTY.

14 (ii) A VEHICLE, INCLUDING A MOTOR VEHICLE, MOTORCYCLE OR
15 RECREATIONAL VEHICLE.

16 (iii) OTHER TANGIBLE PROPERTY THAT HAS SUSTAINED ACTUAL DAMAGE OR
17 LOSS.

18 10. BENEFITS PAID OR PAYABLE TO A CLAIMANT UNDER WORKERS'
19 COMPENSATION BENEFITS COVERAGE WHERE THE CLAIMANT HAS PAID A HEALTH CARE
20 PROVIDER'S BILL AND PAYMENT IS NOT GREATER THAN THE AMOUNT OWED FOR THE
21 TREATMENT RENDERED.

22 11. CLAIMS COVERED UNDER A HEALTH BENEFITS PLAN. FOR THE PURPOSES
23 OF THIS PARAGRAPH, "HEALTH BENEFITS PLAN" MEANS A HOSPITAL AND MEDICAL
24 SERVICE CORPORATION POLICY OR CERTIFICATE, A HEALTH CARE SERVICES
25 ORGANIZATION CONTRACT, A DISABILITY POLICY, A GROUP DISABILITY POLICY, A
26 CERTIFICATE OF INSURANCE OF A GROUP DISABILITY POLICY THAT IS NOT ISSUED
27 IN THIS STATE, A MULTIPLE EMPLOYER WELFARE ARRANGEMENT OR ANY OTHER
28 ARRANGEMENT UNDER WHICH HEALTH SERVICES OR HEALTH BENEFITS ARE
29 PROVIDED. HEALTH BENEFITS PLAN DOES NOT INCLUDE:

30 (a) ACCIDENT ONLY, DENTAL ONLY, VISION ONLY, DISABILITY INCOME ONLY
31 OR LONG-TERM CARE ONLY INSURANCE, FIXED OR HOSPITAL INDEMNITY COVERAGE,
32 LIMITED BENEFIT COVERAGE, SPECIFIED DISEASE COVERAGE, CREDIT COVERAGE OR
33 TAFT-HARTLEY TRUSTS.

34 (b) COVERAGE THAT IS ISSUED AS A SUPPLEMENT TO LIABILITY INSURANCE.

35 (c) MEDICARE SUPPLEMENTAL INSURANCE.

36 (d) WORKERS' COMPENSATION INSURANCE.

37 (e) AUTOMOBILE MEDICAL PAYMENT INSURANCE.

38 N. AN INSURER PROVIDING INFORMATION PERMITTED BY THIS SECTION MAY
39 MATCH AND REPORT ANY CLAIM SEEKING AN ECONOMIC BENEFIT IN WHICH ANY OF THE
40 FOLLOWING APPLIES:

41 1. A FIRST PARTY CLAIMANT MAKING A CLAIM RESIDES IN THIS STATE.

42 2. A THIRD PARTY CLAIMANT MAKING A THIRD PARTY CLAIM RESIDES IN
43 THIS STATE.

44 3. A LIABILITY INSURER PROVIDING COVERAGE TO AN INSURED ON A THIRD
45 PARTY CLAIM AND THE CLAIM OCCURRED IN THIS STATE.

1 0. FOR THE PURPOSES OF THIS SECTION:

2 1. "ARREARAGE" MEANS PAST DUE SUPPORT A PERSON IS REQUIRED TO PAY
3 IN A TITLE IV-D CASE.

4 2. "CLAIMANT" INCLUDES AN INDIVIDUAL WHO MAKES A CLAIM AGAINST AN
5 INSURED OR UNDER AN INSURANCE POLICY, INCLUDING CASUALTY INSURANCE AS
6 DEFINED IN SECTION 20-252 AND DISABILITY INSURANCE AS DEFINED IN SECTION
7 20-253.

8 Sec. 2. Section 25-526, Arizona Revised Statutes, is amended to
9 read:

10 25-526. Child support enforcement information; internet
11 posting

12 The department of economic security division of child support
13 enforcement shall post information on the internet on a quarterly basis
14 that identifies no fewer than ten nonpayors of child support ~~on whom~~
15 ~~arrest warrants have been issued pursuant to section 25-681~~ WHO HAVE AN
16 ARREARAGE IN AN AMOUNT EQUAL TO OR GREATER THAN TWELVE MONTHS OF
17 SUPPORT. The information shall include a photograph of each of these
18 persons.

19 Sec. 3. Child support insurance data match; intent

20 It is the intent of the legislature that the department of economic
21 security continue to work with insurance industry representatives on best
22 practices for maximizing participation in the voluntary insurance data
23 match program established in section 25-505.02, Arizona Revised Statutes,
24 as added by this act, to get needed child support to families. The
25 department may establish working groups with insurers, including those
26 insurers offering life insurance policies, on strategies to facilitate
27 participation, including using the department's child support evader
28 website to identify potential intercepts for payment of child support
29 arrears.

APPROVED BY THE GOVERNOR MAY 2, 2017.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 2, 2017.

Passed the House February 2, 20 17

Passed the Senate April 10, 20 17

by the following vote: 59 Ayes,

by the following vote: 30 Ayes,

0 Nays, 1 Not Voting

0 Nays, 0 Not Voting

[Signature]
Speaker of the House
 Pro Tempore

[Signature]
President of the Senate

[Signature]
Chief Clerk of the House

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

_____ day of _____, 20 _____

at _____ o'clock _____ M.

Secretary to the Governor

Approved this _____ day of

at _____ o'clock _____ M.

Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this _____ day of _____, 20 _____

at _____ o'clock _____ M.

Secretary of State

H.B. 2139

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

April 26, 2017,

by the following vote: 48 Ayes,

6 Nays, 6 Not Voting

[Signature]
Speaker of the House
Jim Drake
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this
20th day of April, 2017,

at 11:56 o'clock A. M.

[Signature]
Secretary to the Governor

Approved this 2nd day of

May, 2017,

at 9:52 o'clock A. M.

[Signature]
Governor of Arizona

H.B. 2139

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this 2 day of May, 2017,

at 12:35 o'clock P M.

[Signature]
Secretary of State